

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

Settlement Tracking No.

SA-AE-07-0013

Targa Midstream Services Limited Partnership

Lowry Plant AI No. 4768

Barracuda Plant AI No. 26857

Stingray Plant AI No. 26859

Venice Energy Services Company, L.L.C.

Venice Gas Processing Plant AI. No. 17897

Cryogenic Natural Gas Processing Plant AI. No. 17897

Delta Gathering Station AI. No. 32615

Enforcement Tracking Nos.

AE-CN-05-0092

AE-CN-04-0076

AE-PP-03-0070

AE-C-01-0080

AE-C-01-0080A

PROCEEDINGS UNDER THE LOUISIANA

ENVIRONMENTAL QUALITY ACT

LA. R.S. 30:2001, ET SEQ.

SETTLEMENT

The following Settlement is hereby agreed to by and among Targa Midstream Services Limited Partnership ("formerly Dynegy Midstream Services, Limited Partnership ("DMS") and hereafter referred to as "TMS") and Venice Energy Services Company, L.L.C. ("VESCO"), collectively referred to as "Respondents", and the Louisiana Department of Environmental Quality ("DEQ" or "the Department"), under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq. ("the Act").

TMS purchased DMS on October 31, 2005. TMS owns the following facilities: the Lowry Plant, Barracuda Plant, and Stingray Plant. TMS is the operator and minority interest owner (approximately 23%) of VESCO. VESCO was created on August 26, 1997 and owns the following facilities: the Venice Gas Processing Plant, the Cryogenic Natural Gas Processing Plant, and the Delta Gathering Station.

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VESCO operates a gas processing plant known as the Venice Gas Processing Plant ("Venice Plant") located approximately five (5) miles from the Gulf of Mexico along Tanta Pine and Red Pass off of Louisiana Highway 23 near Venice, Plaquemines Parish, Louisiana.

On December 19, 2002, the Department issued VESCO Compliance Order Enforcement No. AE-C-01-0080, which was based on the following findings of fact:

The Venice Plant operates under Air Permit No. 2240-00015-V1 issued on March 3, 2006. According to the facility in a permit application and a letter dated April 2, 1996, the emissions from the previously grandfathered adjacent Venice Stabilizer Plant ("VSP") were included in the air permit due to common ownership and proximity of the facility (contiguous).

On or about March 30, 2001, inspection of the facility was performed to determine the degree of compliance with the Act and the Air Quality Regulations. As a result of the inspection, a warning letter dated December 11, 2001, was issued to the facility noting an area of concern finding that the implementation and performing of the leak detection and repair ("LDAR") program required for the VSP (Emission Point No. 95) was not performed. The facility responded in a letter dated March 5, 2002, that the VSP is not subject to any monitoring and that the revision of the air permit to reflect that the LDAR program is not applicable is being pursued with the Permits Division. The Enforcement Division reviewed and considered the response. On March 20, 2002, another inspection of the facility was performed to determine the degree of compliance with the Act and Air Quality Regulations.

The following violation was noted during the course of the inspections:

The facility failed to institute a leak detection and repair ("LDAR") program meeting the requirements of LAC 33:III.2121 for the control of fugitive emissions from the Venice Stabilizer Plant (VSP) (Emission Point No. 95).

This is a violation of a Federally Enforceable Specific Condition 2.D for Fugitive Emissions (VS) (Emission Point No. 95) of Air Permit No. 2240-0015-V0, LAC 33:III.501.C.4 and Section 2057(A)(2) of the Act.

In response to the Compliance Order, VESCO made a timely request for a hearing.

A meeting was held with the Respondent on February 20, 2003. Based on the discussions that occurred during the meeting, enforcement staff recommended that an amended Compliance Order be issued to the Respondent and that it include a follow-up inspection. This inspection was performed on April 11, 2003, and required the submittal of additional information concerning the listed violations. The Department issued VESCO an Amended Compliance Order, Enforcement Tracking No. AE-C-01-0080A, on November 19, 2003, amending paragraph II to the Findings of Fact section of Compliance Order, Enforcement Tracking No. AE-C-01-0080, which read as follows:

On or about April 11, 2003, an inspection of the Respondent's facility was performed to determine the degree of compliance with the Act and the Air Quality Regulations. This inspection again noted the above cited violation with further explanation that the monitoring had not been performed for the first quarter and second quarter of 2002, but that according to the facility records, monitoring had begun and was performed for the remainder of 2002.

The Department hereby adds paragraph III to the Compliance Order section of the Compliance Order, Enforcement Tracking No. AE-C-01-0080, which shall read as follows:

"III. To submit to the Enforcement Division, within thirty (30) days after receipt of this Amended Compliance Order, a complete written report that shall include a detailed description of the cause and circumstances, the time period of noncompliance and the number of components that were not monitored under the program meeting the requirements of LAC 33:III.2121 from the time that the program was required and the number of missed monitoring periods broken out by component type for the violations cited in the Findings of Fact section of the Compliance Order, Enforcement Tracking No. AE-C-01-0080. The report shall also include actions taken to correct and prevent future occurrence of the violations."

The Amended Compliance Order was effective upon receipt.

On May 11, 2004, The Department issued VESCO a Notice of Potential Penalty Enforcement Tracking No. AE-PP-03-0070, which was based upon the following findings of facts:

On March 30, 2001, March 20, 2002, and April 11, 2003, inspections of the Venice Plant were performed to determine the degree of compliance with the Louisiana Environmental Quality Act ("the Act") and the Air Quality Regulations. The following violations were noted during the inspections:

- A. The facility failed to monitor with a leak detection device four times a year (quarterly), 1,366 valves for sixteen (16) quarterly periods during the time period encompassing July 6, 1998, through the second quarter of 2002. This is a violation of LAC 33:III.2121.C.2.b.ii, Federally Enforceable Specific Condition 2.D for Fugitive Emissions (VSP) (Emission Point no. 95) of Air Permit No. 2240-00015-V0, LAC 33:III.501.C.4 and Section 2057(A)(2) of the Act.
- B. The facility failed to monitor with a leak detection device four times a year (quarterly), eleven (11) pressure relief valves in gas service for sixteen (16) quarterly periods during the time period encompassing July 6, 1998, through the second quarter of 2002. This a violation of LAC 33:III.2121.C.2.b.iii, Federally Enforceable Specific Condition 2.D for Fugitive Emissions (VSP) (Emission Point no. 95) of Air Permit No. 2240-00015-V0, LAC 33:III.501.C.4 and Section 2057(A)(2) of the Act.
- C. The facility failed to monitor with a leak detection device four times a year (quarterly), three (3) compressor seals for sixteen (16) quarterly periods during the time period encompassing July 6, 1998, through the second quarter of 2002. This a violation of LAC 33:III.2121.C.2.b.i, Federally Enforceable Specific Condition 2.D for Fugitive Emissions (VSP) (Emission Point no. 95) of Air Permit No. 2240-00015-V0, LAC 33:III.501.C.4 and Section 2057(A)(2) of the Act.
- D. The Respondent failed to monitor with a leak detection device four times a year (quarterly), three (3) pumps for sixteen (16) quarterly periods during the time period encompassing July 6, 1998, through the second quarter of 2002. This is a violation of LAC 33:III.2121.C.2.b.i, Federally Enforceable Specific

Condition 2.D for Fugitive Emissions (VSP) (Emission Point No. 95) of Air Permit No. 2240-00015-V0, LAC 33:III.501.C.4, and Section 2057(A)(2) of the Act.

The Venice Plant submitted a response dated December 18, 2003, noting that monitoring per LAC 33:III.2121 began as of the third quarter of 2002, which was confirmed during an inspection on April 11, 2003, and that a transfer of operator of the facility from Warren Petroleum, Limited Partnership to the Venice Plant was completed on July 6, 1998.

TMS is a non-Louisiana limited partnership who owns and operates a cryogenic gas processing plant known as the Barracuda Gas Processing Plant located adjacent to Louisiana Highway 82 and nine (9) miles west of Hollybeach in Johnsons Bayou, Cameron Parish, Louisiana. On August 16, 2004, the Department issued to Barracuda Gas Processing Plant Consolidated Compliance Order and Notice of Potential Penalty, Enforcement Tracking No. AE-CN-04-0076, which was based upon the following findings of facts:

The Barracuda Gas Processing Plant operates under Air Permit No. 0560-0004-V1 issued on August 8, 2005. On or about November 21, 2003, an inspection of the facility was performed to determine the degree of compliance with the Act and the Air Quality Regulations. A warning letter dated March 25, 2004, was sent by the Enforcement Division to the facility due to areas of concern noted at the time of the inspection.

The following violations were noted during the course of the inspection:

- A. Prior to April 2003, the facility did not have an approved custom fuel monitoring schedule for the gas turbines (Emission Points E-7, E-13, and E-14). The facility monitored and recorded the sulfur content of the fuel being fired in the turbine on a monthly basis. On April 10, 2003, fuel gas began being monitored for sulfur content by continuous hydrogen sulfide (H₂S) analyzer. In accordance with 40 CFR 60.334(b)(2), unless a custom fuel monitoring schedule is approved by the Administrator, the sulfur content of the fuel being fired in the turbine is to be monitored and recorded daily. The Facility did not have an approved custom fuel monitoring schedule prior to

April 10, 2003, and therefore, failed to monitor sulfur content in its fuel source on a daily basis prior to this date. Each failure to monitor and record the sulfur content of the fuel being fired in the turbine daily for each gas turbine is a violation of 40 CFR 60.334(b)(2) which language has been adopted as a Louisiana regulation in LAC 33:III.3003, Federally Enforceable Specific Condition 1.C (Gas Turbine Engines) of Air Permit No. 0560-0004-V0, LAC 33:III.501.C.4, and Section 2057(A)(2) of the Act.

- B. Fugitive emissions from equipment are permitted in Air Permit No. 0560-0004-V0 as the emission source, Equipment Fugitives (Emission Point E-9), and are subject to the requirements of LAC 33:III.2121. Two (2) open-ended lines in COC service were observed at two (2) valves. The two (2) valves had the following descriptions: 1) East Valve on Top of Level Control Bridle (Inlet Separator Filter), and 2) West Valve on Top of Level Control Bridle (Inlet Separator Filter). Each failure to seal the end of the lines with a second valve, a blind flange, a plug, or a cap is a violation of LAC 33:III.2121.B.2, Federally Enforceable Specific Condition 2.D (Fugitive Emissions) of Air Permit No. 0560-0004-V0, LAC 33:III.501.C.4, and Section 2057(A)(2) of the Act.

Discussions between the Department and the facility and information submitted by the facility in a facsimile dated May 13, 2004, indicate that the Barracuda Gas Processing Plant was using an on-line continuous gas chromatograph to monitor the hydrogen sulfide content of the fuel being fired to the gas turbines.

TMS owns and operates the Lowry Gas Processing Plant located approximately 12 miles west of Lake Arthur in Cameron Parish, Louisiana. The facility operates under Title V Permit No. 0560-00044-V1 issued on May 31, 2005. On August 15, 2005, the Department issued Lowry Gas Processing Plant a Consolidated Compliance Order and Notice of Potential Penalty, Enforcement Tracking No. AE-CN-05-0092, which was based upon the following findings of fact:

On December 20 through 21, 2004, an inspection of the Lowry Gas Processing Plant was performed to determine the degree of compliance with the Act and the Air Quality Regulations. A warning letter dated May 3, 2005, was sent by the Enforcement Division to the Respondent.

The following violations were noted during the course of the inspection:

- A. According to the facility's leaking component log, three (3) leaking components with tag nos. 2231, 2076, and 1621 were found during monitoring in the third quarter of 2004. The leaking component log did not include (1) the date that maintenance was performed and (2) the date the component was rechecked after maintenance, as well as the instrument reading upon check for the three components. Each failure to include the required information on the leaking component log for each component is a violation of Federally Enforceable Specific Condition 2.D for Fugitive Emissions of Title V Permit No. 0560-00044-V0, LAC 33:III.501.C.4, LAC 33:III.2121.E.2.f and g and Section 2057(A)(2) of the Act.
- B. The facility's leaking component log identified the component with tag no. 2231 as a leaking component found on September 17, 2004, that was deferred to shutdown for repair. The fugitive VOC emission monitoring report dated October 25, 2004, for the third quarter of 2004 did not list the leaking component with tag no. 2231. LAC 33:III.2121.F.2 requires that the report include a listing of all leaks that were identified, but not repaired, within the 15 day limit. The failure to include the leaking component with tag no. 2231 in the report is a violation of Federally Enforceable Specific Condition 2.D for Fugitive Emissions of Title V Permit No. 0560-00044-V0, LAC 33:III.501.C.4, LAC 33:III.2121.F.2 and Section 2057(A)(2) of the Act.

On May 25, 2005, a file review was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

The following violations were noted during the course of the file review:

The facility reported in letters dated August 4, 2004, and August 13, 2004, that based on an annual emission test performed on the compressor (Emission Point No. KVG-1) as required by the air permit, nitrogen oxides (NO_x) emissions were 6.75 pounds per hour which exceeded the maximum pound per hour permitted limit of 5.82. The facility noted that the excess emissions were attributable to an exhaust catalyst failure. The Facility estimated that an additional 320.5 pounds of NO_x were released up until 8:00 a.m. on August 13, 2003, when the catalyst was replaced. The exceedence of the maximum pound per hour NO_x emission limitation as listed on the Emission Inventory Questionnaire (EIQ) for Emission Point No. KVG-1 is a violation of General Condition II of Title V Permit No. 0560-00044-V0, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act.

The following issues are not the subject of an issued enforcement action but are, nevertheless, included in this Settlement:

Cryogenic Natural Gas Processing Plant (AI No. 17897):

On February 6, 2007, a file review of the Cryogenic Natural Gas Processing Plant (Agency Interest No. 17897) was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

The following violation was noted during the course of the file review:

In a letter dated April 22, 2005, the Respondent reported a release of natural gas on or about April 20, 2005. According to the Respondent's report, at 2:00 p.m. during startup, after a shutdown to rebuild the cryo turbine and compressor, 3/8 inch suction flow transmitter turbine operating at 300 psig uncoupled from an orifice plate resulting in a release of 3,950 scf (approximately 200 pounds) of sweet natural gas into the atmosphere for five (5) minutes. The Respondent noted that the tubing was not tightened properly during the rebuild phase. The Respondent's failure to have the tubing tightened properly caused the resulting release. This is a violation LAC 33:III.905 which states, "When facilities have been installed on a property, they shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded." Control equipment as defined by LAC 33:III.111 is "any device or contrivance, operating procedure or abatement scheme used to prevent or reduce air pollution." This is also a violation of Sections 2057(A)(1) and 0257(A)(2) of the Act.

Venice Gas Processing Plant (AI No. 17897):

On March 29, 2005, and April 7, 2005, inspections of the Venice Gas Processing Plant (Agency Interest No. 17897) were performed to determine the degree of compliance with the Act and Air Quality Regulations:

The following violations were noted during the course of the inspections:

- A. A pump containment area associated with the Fugitive Emissions (Emission Point Nos. 57 and 95) was observed to be filled with an oil substance, a volatile organic (COC) containing fluid. The VOC containing material was not stored in a manner that reduces or eliminates emissions of VOC. This is a violation of LAC 33:III.2113.A.3, Federally Enforceable Specific Condition 2.C of Title V Permit No. 2240-0015-V0 for Fugitive Emissions, LAC 33:III.501.C.4, and Section 2057(A)(2) of the Act.

- B. In accordance with 40 CFR 60.18(c)(1), flares are not allowed to operate with visible emissions exceeding a total of five (5) minutes during any two (2) consecutive hours. The Respondent has not reported to the Department all occurrences in which the flare opacity was greater than five (5) minutes in any two (2) consecutive hours. The Respondent was requested to document the instances in which the Process Flare's (Emission Point No. 21) opacity did not meet the requirements of 40 CFR 60.18(c)(1). The Respondent submitted a letter dated April 21, 2005, noting 19 occasions during the last five (5) years the Process Flare has emitted visible emissions in excess of five (5) minutes in any two (2) hour period. The Respondent noted that these occasions were during upset conditions. The Respondent's failure to report these deviations from permit requirements is a violation of General Condition R. of Title V Permit no. 2240-0015-V0, LAC 33:III.501.C.4, and Section 2057(A)(2) of the Act.
- C. The Respondent reported in the 2005 Title V Annual Compliance Certification dated March 24, 2006, opacity exceedences for the Process Flare (Emission Point No. 21) for the past five (5) years in regard to LAC 33:III.1105 as required by Federally Enforceable Specific Condition B for Flares of Title V Permit No. 2240-000150V0. The Respondent also submitted a letter dated April 21, 2005, noting 19 occasions during the last five (5) years that the flare has emitted visible smoke in excess of five (5) minutes in any two (2) hour period. The Respondent operated the flare with visible emissions in excess of five (5) minutes during any two (2) consecutive hours. Each occurrence is a violation of 40 CFR 60.18(c)(1) which language has been adopted as a Louisiana regulation in LAC 33:III.3003, Federally Enforceable Specific Condition A for Flares of Title V Permit No. 2240-00015-V0, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act.
- D. Approximately 75 gallons of crude oil were found on the surface of Natural Gasoline Tank S-303A (Emission Point N. 25) and about 15 gallons of emulsified oil on Natural Gasoline Tank S-302B (Emission Point No. 24). According to the inspection report, the Respondent speculated that the oil was residual oil from the tanks or lines when they were in hydrocarbon service. Each failure to reduce or eliminate VOC emissions from each of these tanks is a violation of LAC 33:III.2113.A.3 and each allowance of the floating roofs to become distorted allowing liquid containing VOC to get past the roof seals is a violation of LAC 33:III.905 and Section 2057(A)(2) of the Act.

On February 6, 2007, a file review of the Venice Gas Processing Plant (Agency Interest No. 17897) was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

The following violations were noted during the course of the file review:

- A. The Respondent reported in a letter dated December 17, 2002, that 10,000 barrels of condensate were processed through the Condensate Tank (Emission Point N. 90) on December 15, 2002. The Respondent reported that 1.87 tons per year of n-hexane were released from the Condensate Tank (Emission Point 90) which was in excess of the annual permitted emission limit for n-hexane listed on the Emission Inventory Questionnaire (EIQ) for Air Pollutants for Condensate Tank (Emission Point No. 90). The Respondent's exceedence of the permitted emission limit for n-hexane is a violation of Louisiana General Condition III of Title V Permit No. 2240-00015-V0, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act.
- B. The Respondent reported in the Title V semiannual monitoring reports dated September 20, 2002, and March 28, 2003, for the periods encompassing January 1, 2002, through June 30, 2002, and June 30, 2002, through December 31, 2002, respectively; the 2002 Title V annual compliance certification dated March 28, 2003; and in the letters dated February 20, 2002, and November 11, 2002, emissions from the operation of stand-by boiler, Steam Boiler 1100-J. Emissions of each unpermitted pollutant area are a violation of LAC 33:III.501.C.2 and Sections 2057(A)(1) and 2057(A)(2) of the Act.
- C. The Respondent reported in the Title V semiannual monitoring reports dated September 19, 2003, and March 22, 2004, for the periods encompassing January 1, 2003, through June 30, 2003, and July 1, 2003, through December 31, 2003, respectively; the 2003 Title V annual compliance certification dated March 24, 2004; and in the letters dated March 19, 2003, and December 18, 2003, emissions from the operation of stand-by boiler, Steam Boiler 1100-J. Emissions of each unpermitted pollutant are a violation of LAC 33:III.501.C.2 and Sections 2057(A)(1) and 2057(A)(2) of the Act.
- D. The Respondent reported in the Title V semiannual monitoring report dated March 15, 2003 encompassing the period of July 1, 2004, through December 31, 2004, annual compliance certification dated March 15, 2005; and in letters dated February 7, 2004, April 27, 2004, October 27, 2004, and December 6, 2004, emissions from the operation of stand-by boiler, Steam Boiler 1100-J. Emissions of each unpermitted pollutant are a violation of LAC 33:III.501.C.2 and Sections 2057(A)(1) and 2057(A)(2) of the Act.
- E. The Respondent reported in the letter dated September 3, 2004, that the flare smoked in excess of 20 percent opacity for greater than a combined total of six (6) hours in any ten (10) consecutive days. Each failure to control the emission of smoke from the flare so that the shade or appearance does not exceed 20 percent opacity for a combined total of six (6) hours in any ten (10)

consecutive days is a violation of LAC 33:III.1105 and Sections 2057(A)(1) and 2057(A)(2) of the Act.

Delta Gathering Station (AI No. 32615):

On March 28 through 29, 2005, and April 7, 2005, inspections of the Delta Gathering Station (AI No. 32615) were performed to determine the degree of compliance with the Act and the Air Quality Regulations.

The following violations were noted during the course of the inspections:

- A. Process wastewater was dumped into the containment area before going to sump No. 2 allowing evaporation of volatile organic compounds (VOCs) before it was sent to the "C" slop tank (which is equipped with vapor recovery) for wastewater treatment and deep well injection. The Respondent's failure to store and dispose of waste material that contain VOC in a manner that reduces or eliminates the emission of VOCs is a violation of LAC 33:III.2113.A.3 and 2057(A)(2) of the Act.
- B. VOC containing material was observed sitting in the open storage tank containment area and several level indicators on the storage tanks leaking. The Respondent's failure to avoid and clean up spills of volatile organic compounds by employing procedures that reduce or eliminate the emission of volatile organic compounds is a violation of LAC 33:2113.A.1 and 2057(A)(2) of the Act.
- C. Shells were noted to be stained with a dried dark material, which appeared to be oil from the compressors not in containment. It was also noted that material was leaking through cracks in the raised slab from this compressor building onto the shells below. The Respondent's failure to avoid and clean up spills of volatile organic compounds by employing procedures that reduce or eliminate the emission of volatile organic compounds is a violation of LAC 33:III.2113.A.1 and Section 2057(A)(2) of the Act.

On or about February 6, 2007, a file review of the Delta Gathering Station (Agency Interest No. 32615) was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

The following violation was noted during the course of the file review:

The Respondent reported in the Title V semiannual monitoring report dated September 25, 2001, that the semiannual test for the stationary internal combustion engine (Emission Point CS-01) for nitrogen oxides (NO_x), carbon monoxide (CO), and oxygen (O₂) concentrations in the stack gas was not performed during the semiannual period ending June 30, 2001. The last semiannual test was performed on December 27, 2000. The test was not performed until September 14, 2001. The Respondent's failure to perform the test semiannually is a violation of State Only Specific Condition 1.B Testing Requirements for the Stationary Internal Combustion Engines of Title V Permit 2240-00141-V0, LAC 33:III.501.C.4, and Section 2057(A)(2) of the Act.

Stingray Gas Plant (AI#26859)

On February 6, 2007, a file review of the Stingray Gas Plant (Agency Interest No. 26859) was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

The following violation was noted during the course of the file review:

The Respondent submitted an unauthorized release report dated October 6, 2006, indicating a release of 11,800 MCF of natural gas on or about September 27, 2006. According to the report, the gas pipeline was experiencing a higher than normal operating pressure. The facility was being re-pressurized after maintenance work. The control valve on the inlet gas to the facility was inadvertently opened and allowed natural gas above the set pressure of the inlet pressure relief valves to enter facility piping. The relief valves protecting facility piping from overpressure opened, sending natural gas to the vent system piping. The opening of the control valve on the inlet gas to the facility which allowed natural gas above the set pressure of the inlet pressure relief valve to enter the facility piping caused the release. This is a violation of LAC 33:III.905 which states, "When facilities have been installed on a property, they shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded." Control equipment as defined by LAC 33:III.111 is "any device or contrivance, operating procedure of abatement scheme used to prevent or reduce air pollution." This is also a violation of Sections 2057(A)(1) and 2057(A)(2) of the Act.

Respondents deny that they committed any violations or that they are liable for any fines, forfeitures and/or penalties.

II.

Nonetheless, Respondents, without making any admission of liability under state or federal statute or regulation, agree to pay, and the Department agrees to accept, a payment in the amount of TWO HUNDRED FORTY-FIVE THOUSAND AND NO/100 DOLLARS (\$245,000.00) of which Five Thousand and No/100 Dollars (\$5,000.00) represents DEQ's enforcement costs, in settlement of the claims set forth in this settlement. The total amount of money expended by Respondent on cash payments to DEQ, as described above, shall be considered a civil penalty for tax purposes, as required by La. R.S. 30:2050.7(E)(1).

III.

Respondents further agree that the Department may consider the inspection report(s), the Compliance Orders, the Notice of Potential Penalties, the Consolidated Compliance Order and Notice of Potential Penalties, the issues included in this Settlement which are not the subject of an issued enforcement action, and this Settlement for the purpose of determining compliance history in connection with any future enforcement or permitting action by the Department against Respondent, and in any such action Respondent shall be estopped from objecting to the above-referenced documents being considered as proving the violations alleged herein for the sole purpose of determining Respondent's compliance history.

IV.

This Settlement shall be considered a final order of the secretary for all purposes, including, but not limited to, enforcement under La. R.S. 30:2025(G)(2), and Respondent hereby waives any right to administrative or judicial review of the terms of this settlement, except such review as may be required for interpretation of this settlement in any action by the Department to enforce this settlement.

V.

This Settlement is being made in the interest of settling the state's claims and avoiding for all parties the expense and effort involved in litigation or an adjudicatory hearing. In agreeing to the compromise and Settlement, the Department considered the factors for issuing civil penalties set forth in LSA- R. S. 30:2025(E) of the Act.

VI.

The Respondent has caused a public notice advertisement to be placed in the official journal of each parish governing authority in Cameron Parish and Plaquemines Parish, Louisiana. The advertisement, in form, wording, and size approved by the Department, announced the availability of this Settlement for public view and comment and the opportunity for a public hearing. Respondents have submitted a proof-of-publication affidavit to the Department and, as of the date this Settlement is executed by the Department, more than forty-five (45) days have elapsed since publication of the notice.

VII.

Payment is to be made within ten (10) days from notice of the Secretary's signature. If payment is not received within that time, this Settlement is voidable at the option of the Department. Payments are to be made by check, payable to the Department of Environmental Quality, and mailed or delivered to the attention of Accountant Administrator, Financial Services Division, Department of Environmental Quality, Post Office Box 4303, Baton Rouge, Louisiana, 70821-4303. Each payment shall be accompanied by a completed Settlement Payment Form (Exhibit A).

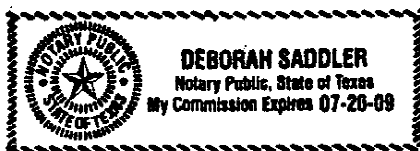
VIII.

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement.

IX.

Each undersigned representative of the parties certifies that he or she is fully authorized to execute this Settlement on behalf of his or her respective party, and to legally bind such party to its terms and conditions.

**TARGA MIDSTREAM SERVICES
LIMITED PARTNERSHIP**



BY: Marc O. Brettling *col*
(Signature)

MARC O. BRETTLING
(Print)

TITLE: VICE PRESIDENT

THUS DONE AND SIGNED in duplicate original before me this 6 day of September, 2007, at Houston, TX.

Deborah Saddler
NOTARY PUBLIC (ID # 12393584-9)

Deborah Saddler
(Print)

VENICE ENERGY SERVICES
COMPANY, L.L.C.

BY TRACIA MIOSTRAWA SERVICES, LIMITED PARTNERSHIP
AS OPERATOR

BY: Marc O. Bretunish Ch
(Signature)

MARC O. BRETTUNISH

(Print)

TITLE: VICE PRESIDENT

THUS DONE AND SIGNED in duplicate original before me this 6 day of
September, 2007, at Houston, TX.



Deborah Saddler
NOTARY PUBLIC (ID # 12393584-9)

Deborah Saddler
(Print)

LOUISIANA DEPARTMENT OF
ENVIRONMENTAL QUALITY

Mike D. McDaniel, Ph.D., Secretary

BY: Harold Leggett
Harold Leggett, Ph.D., Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 12 day of
September, 2007, at Baton Rouge, Louisiana.

Notary Public
NOTARY PUBLIC (ID # 12156)
Ted R. Leggett, II
(Print)

Approved: Harold Leggett
Harold Leggett, Ph.D., Assistant Secretary